



Retirement Investors' Club (RIC)
457/401a Plans
 Look *forward* to retirement!

Region XII Council of Governments
Plan Summary

	457 Employee Contribution Plan	401(a) Plan
Eligibility requirements	None	457 participant
Enrollment	Year-round – Call an RIC provider to request an enrollment kit or appointment. Return completed paperwork to the provider.	
Contributions (pre & post-tax)	Minimum payroll deductions of \$25/month; maximums set by IRS annually. Deductions may be changed at any time.	None
Rollovers in	Accepts eligible 457 plan assets. Roll-in assets may roll out again at any time.	Accepts eligible 401(a), 401(k), 403(a), 403(b), and IRA (traditional, rollover, and SEP) assets. Roll-in assets may roll out again at any time.
Fed & state tax	Pretax contributions and earnings are exempt until taxable distributions are made. Post-tax (457 Roth) <i>contributions</i> are subject to federal and state income tax when deducted from payroll. Post-tax (457 Roth) <i>earnings</i> accumulate tax-deferred and are tax-free at distribution if qualified.	
Vesting	Always 100% vested ⇨	
Investment options	Your employer has chosen one or more of the RIC providers to offer a large selection of diversified investment options. Go to https://das.iowa.gov/RIC/PSE/providers for more information. You may change investment selections online or by phone at any time without fees.	
Distributions of assets while employed (processed by RIC)	Unforeseeable Emergency- Must prove financial hardship due to an unforeseeable emergency (complete <i>RIC Unforeseeable Emergency Form</i>). Taxed as ordinary income-no age penalty.	None
	Cash Out Provision- Allowed if total assets=\$5,000 or less and no deferrals have been made for a 2-year period (complete <i>RIC Distribution Form</i>). Taxed as ordinary income-no age penalty.	
	Service Credit Purchase- A nontaxable transfer of pretax assets for purchase of permissive service credits such as IPERS (fax IPERS forms to RIC)	
	Age 70 ½- Allowed (but not required) in the year you attain age 70 ½ ⇨	
Options after separation from employment (processed by provider)	Remain invested- Distributions are not required until age 70 ½*. Assets remain invested without withdrawal restrictions or penalties.	
	Take payment- Options include total/partial lump sum withdrawals, periodic withdrawals, lifetime payments, or a combination. Pretax assets are taxed as ordinary income-no age penalty. Roth contributions are tax-free. Roth earnings are tax-free if qualified (account has been held for at least 5 years and you are either age 59 ½ or older, disabled, or deceased).	Take payment- Options include total/partial lump sum withdrawal(s), systematic withdrawals, lifetime payments or any combination. Distributions are taxed as ordinary income and reported on IRS 1099R form. Possible IRS 10% penalty before age 59½.
	Rollover- Assets may roll out of RIC to an eligible plan.	
	Purchase Eligible Service Credits - Assets may be transferred to IPERS for purchase of eligible service credits at any time after separation from employment.	

*Age 70 ½ requirement- IRS required minimum distributions must begin no later than April of the calendar year following the year you attain age 70½ or retire, whichever is later.